

AERONAUTICS DIVISION

2000 - 2001
PROGRESS REPORT



ARIZONA DEPARTMENT OF TRANSPORTATION

Mission Statement

The mission of the Arizona Division of Aeronautics is to encourage and advance the safe and orderly development of aviation in the State.

The Purpose of the Arizona Aeronautics Division is to:

PROVIDE the citizens of Arizona a safe, balanced and integrated statewide aviation system to meet present and future needs.

REPRESENT the state of Arizona in planning, developing, maintaining and operating facilities for the efficient movement of people and goods by air throughout the state.

ADVOCATE aviation transportation policies consistent with the overall goals of the state; to enhance the sociological welfare; preserve natural resources and conserve available funding.

WORK cooperatively with all entities - public and private - to develop the means for multimodal mobility that will meet community needs as expressed through local planning, land use, patterns of commerce and public dialogue.

STRIVE to create and maintain a local state and federal climate that will make action programs and adequate funding available to achieve a level of aviation transportation capacity and quality necessary for Arizona's continued progress.

RESPOND to the needs of the public, including their need to know, understand and discuss the aviation transportation issues and developments of the day - and to be continually mindful of the tremendous importance of the mission the department has been given as a public trust.

ATTRACT the vital human resources required and reward performance excellence in order to bring the highest degree of professional and technical expertise to the aviation challenges of this state, supported by a meaningful affirmative action program which offers equal self-development opportunities for all.

IMPROVE and maintain internal systems, controls, and support services that can assure maximum productivity while using time, manpower, equipment and facilities at optimum efficiency.

ENCOURAGE innovative thinking and action directed toward management decisions, policy implementation, systems application and design, research, planning and aviation safety efforts.

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HISTORY

The history of the Arizona Department of Transportation's Aeronautics Division began with the creation of the Arizona Aviation Authority in March of 1950. The Authority originally consisted of an unpaid board of five members serving three year terms. The primary purpose of the board was to advise the Governor and the legislature on aviation matters. In May of 1955, a director was appointed. The Authority started monthly publication of a newsletter in 1956, and an airmarking program to aid in cross-country navigation was initiated in 1958. In 1959, the Authority began to

assist communities in developing airfields.

In 1962, the legislature created the Arizona Department of Aeronautics with a seven member board, and appropriated funds to assist in construction of a Grand Canyon Airport. Construction began in 1963, and the airport officially opened two years later.

In 1974, the Departments of Aeronautics, Highways, and Motor Vehicles were combined to form the present-day Arizona Department of Transportation.

Arizona's Aeronautics Directors

1955 - 1975 James Vercillino
1975 - 1975 John Burns
1975 - 1978 John Walters

1978 - 1987 Ascencion (Sonny) Najera
1987 - 1988 Jack Christopherson
1988 - Present Gary Adams

AUTHORITY AND RESPONSIBILITY

The Arizona Department of Transportation is composed of five divisions: Aeronautics, Highways, Transportation Planning, Motor Vehicles and Administrative Services. The Aeronautics Division is charged by state law to:

- Encourage and advance the safe and orderly development of aviation in the state
- Assemble and distribute, to the public, information relating to aviation
- Represent the state on issues of routing and rate schedules concerning airline traffic
- Accept federal and other monies for airport development or air navigation facilities
- Ensure that the Grand Canyon National Park Airport is operated and maintained

- License aircraft dealers
- Register non-airline aircraft within the state
- Make recommendations on legislative and policy issues

The Aeronautics Division, since June 1990, has been organized along functional lines of responsibility. The Division Director provides the overall direction to guide the Division's efforts. The Airport Development Program Administrator is responsible for Airport Development, Planning, and Air Service programs. The Aviation Services Program Administrator is responsible for Aviation Revenue/Aircraft Registration, Aviation Safety and Education, Administration, Fiscal Management, Legislative and Legal matters, and the Airports Loan programs. The organizational structure of the Division is shown in the chart below.

ARIZONA DEPARTMENT OF TRANSPORTATION AERONAUTICS DIVISION ORGANIZATIONAL CHART

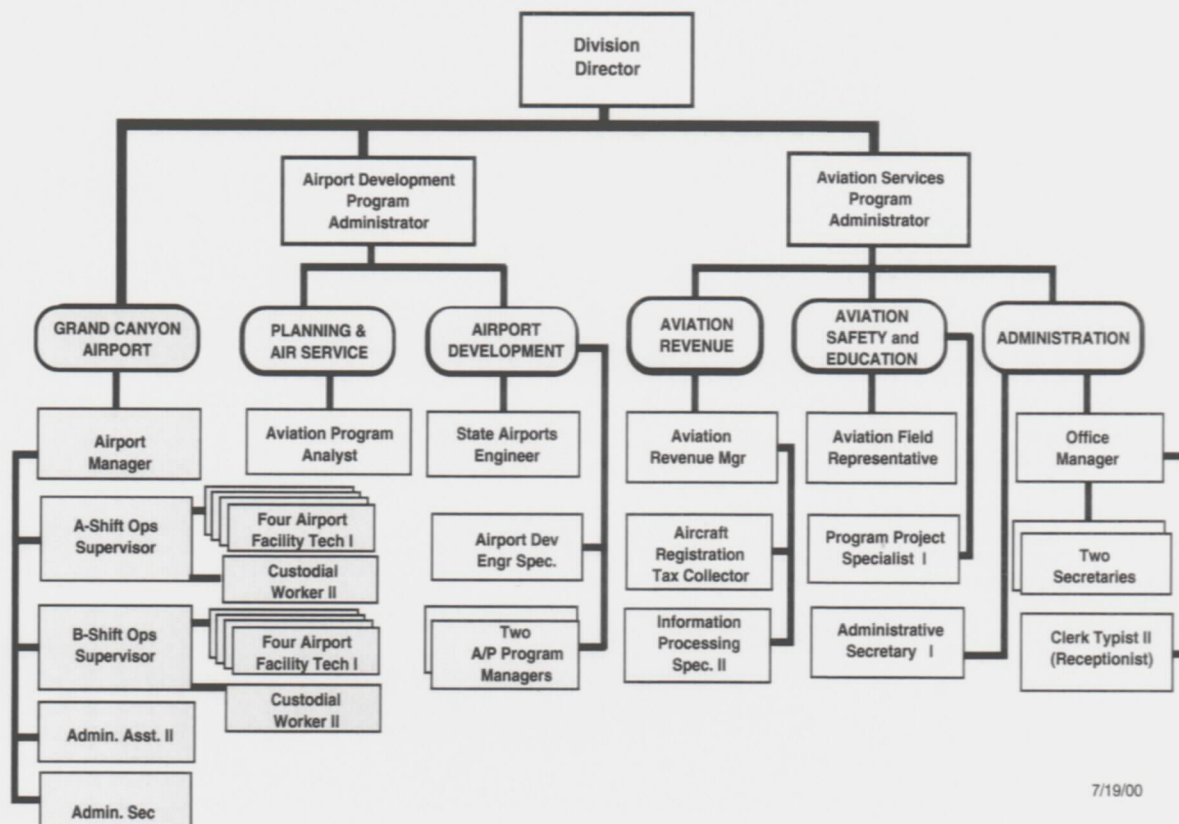


Figure 1

ARIZONA AIRPORT SYSTEM

Arizona's State Airport System directly connects the state's communities, and provides an essential link with the national systems of airspace and airports. It is considered desirable to provide the general public with no more than a thirty-minute driving time to a public use airport facility. In Arizona, there are 218 airports and 100 heliports registered with the Federal Aviation Administration (FAA). A primary system of 62 airports provides service to 90% of the population (see page 4). Of the 62 primary system airports, 43 are publicly owned, while 8 are Native American and 10 are privately owned.

Primary airports are those airports which meet the following criteria:

- Open to the public
- Ten or more based aircraft or at least 2,000 annual operations

- Scheduled air service by an air carrier or commuter airline on a regular basis
- Projections to meet any one of the above criteria within ten years

Arizona also has a system of secondary airports (see page 5). Secondary airports are typically the less heavily used general aviation airports serving smaller communities and rural areas.

The 31 Secondary airports are those airports which meet the following criteria:

- Open to the public
- Not included in the primary system

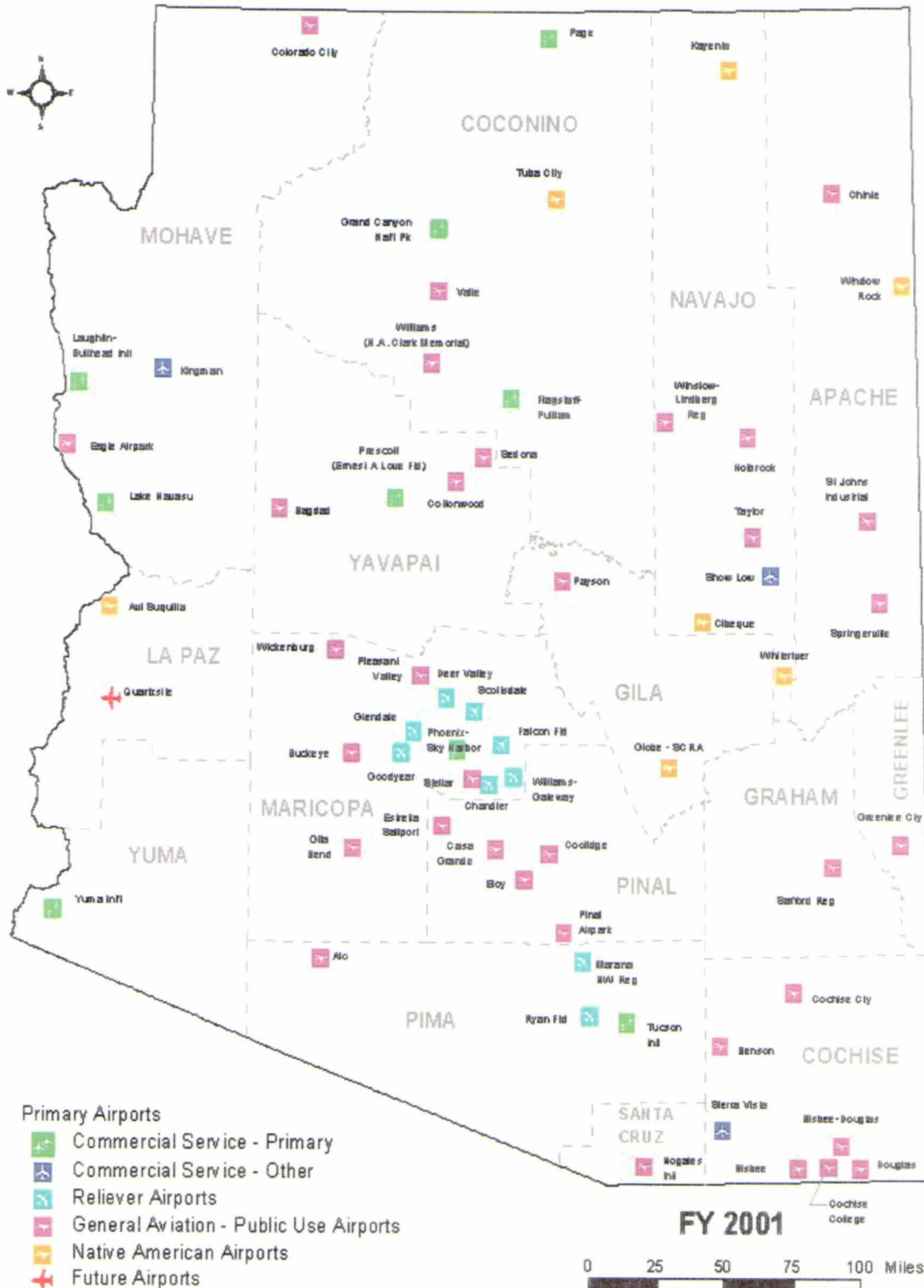
Of the facilities dedicated to helicopters, 96 of the 100 heliports or helistops currently listed by the FAA in Arizona are private-restricted facilities.

ARIZONA AIRPORT SYSTEM FACILITIES BY TYPE

	Primary	Secondary
Primary Commercial Service Airports served by scheduled airlines enplaning 10,000 or more passengers annually.	6	
Non-Primary Commercial Service Airports served by scheduled airlines enplaning 2500 or more passengers annually.	6	
Reliever Airports which relieve congestion at a commercial service airport and provide additional general aviation access to the community.	9	
General Aviation Airports used for general aviation purposes.	40	31
TOTAL SYSTEM AIRPORTS	62	31

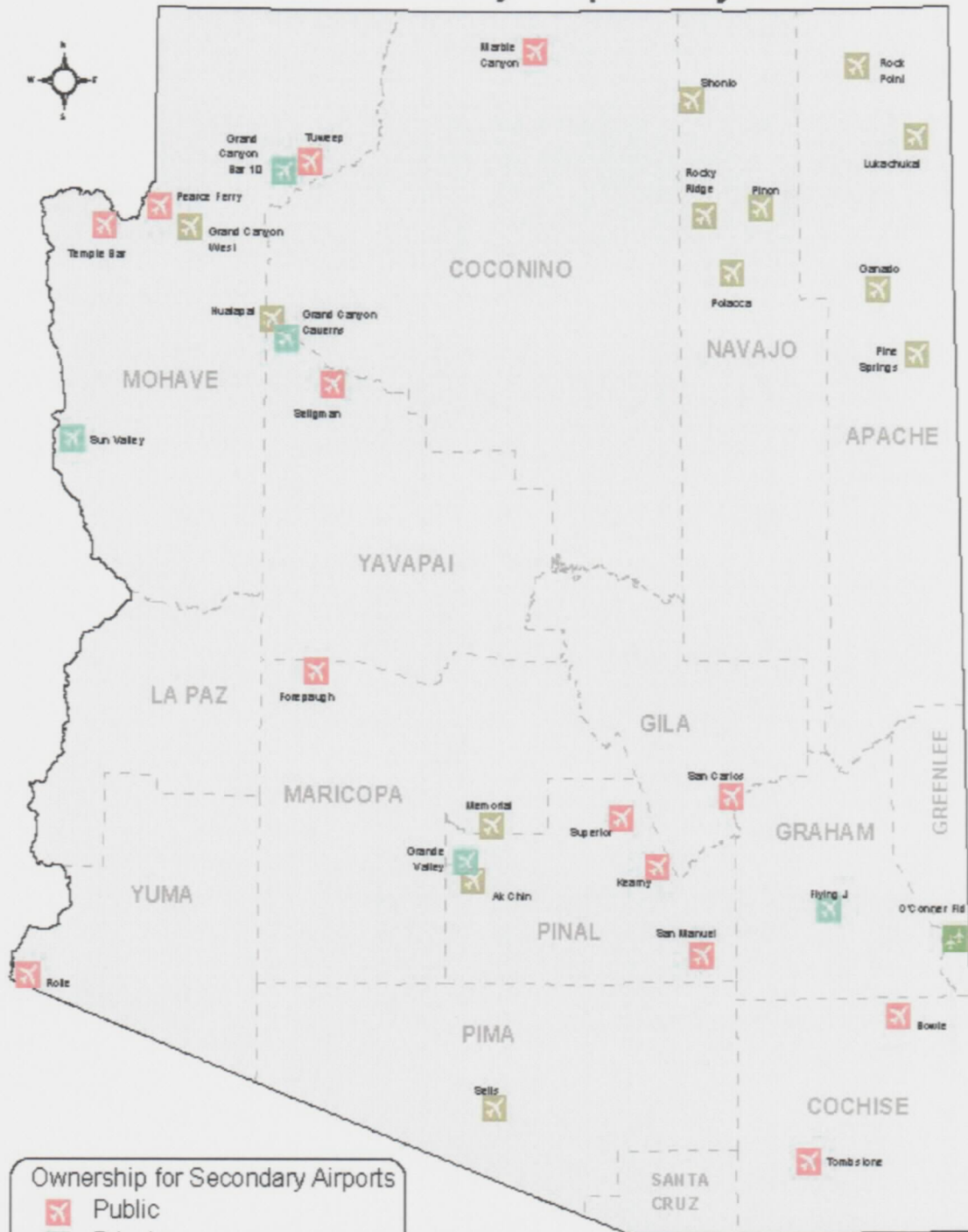
Table 1

State of Arizona Primary Airport System



map created by:
ADOT Transportation Planning Division
GIS Team - 12/00

State of Arizona Secondary Airport System



Ownership for Secondary Airports

- Public
- Private
- Native American
- Future

Secondary System Definition:
All public use facilities not
in the State's Primary System

FY 2001

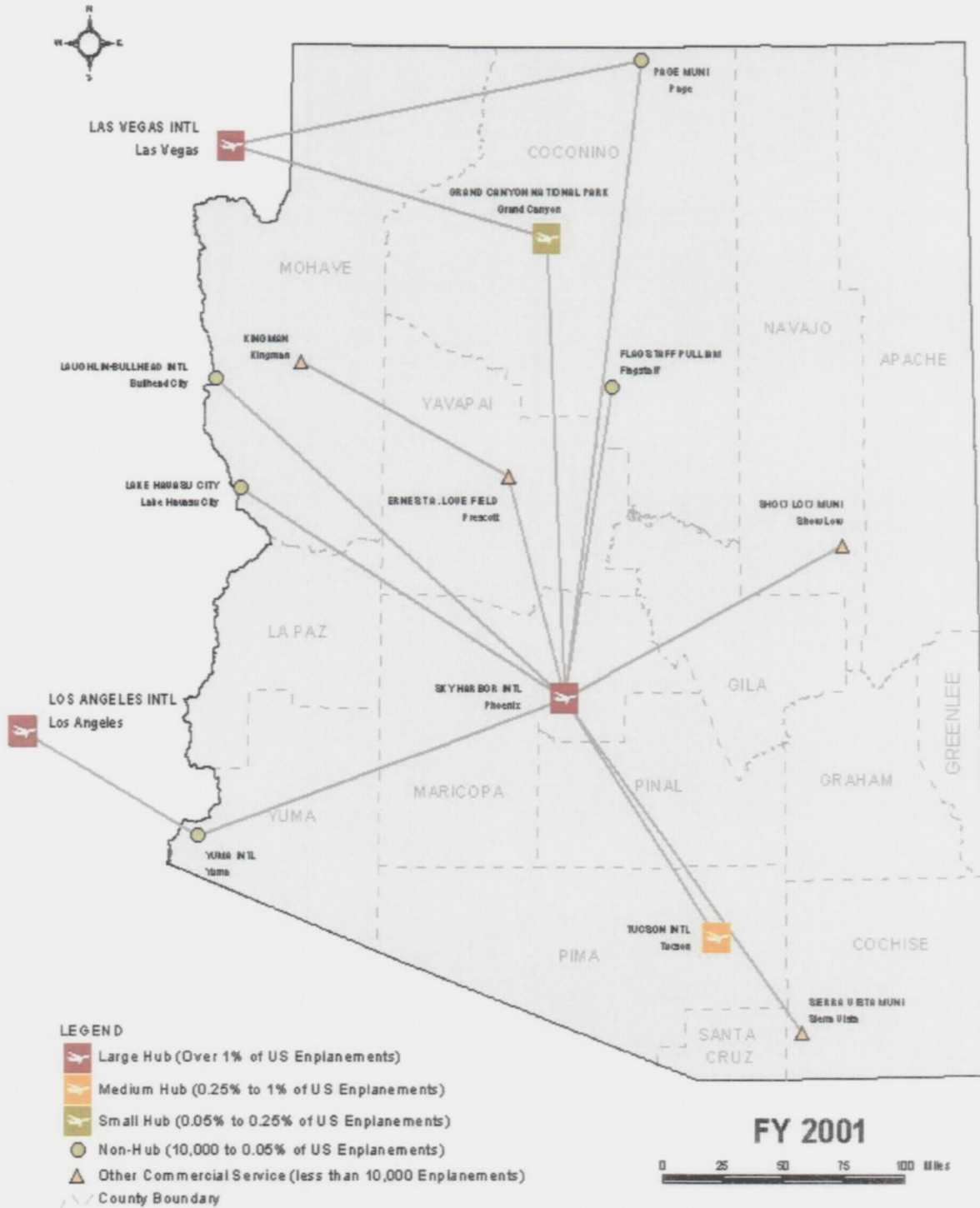
0 25 50 75 100 Miles



map created by:
ADOT Transportation Planning Division
GIS Team - 12/00

State of Arizona

Existing Commercial Service Airports



AIRPORT DEVELOPMENT PROGRAM



Under the direction of the Airport Development Program Administrator, this program area has the following responsibilities:

- Administration of the Five Year Airport Development Program and reimbursement of sponsor expenses for eligible project items.
- Technical support for airports and airport projects.
- Engineering guidance for, and administration of Grand Canyon National Park Airport construction projects.
- Airport safety data inspections covering selected public airports
- Air Service and Aviation Programming/Planning

Programming

The planning process for the Five Year Airport Development Program begins with an extensive evaluation of needs. Needs are prioritized among the airport categories, then included in a program consistent with criteria established by the State Transportation Board. Finally, projects are

evaluated and matched with anticipated funds to create a financially balanced program that optimizes use of available aviation dollars.

Funding

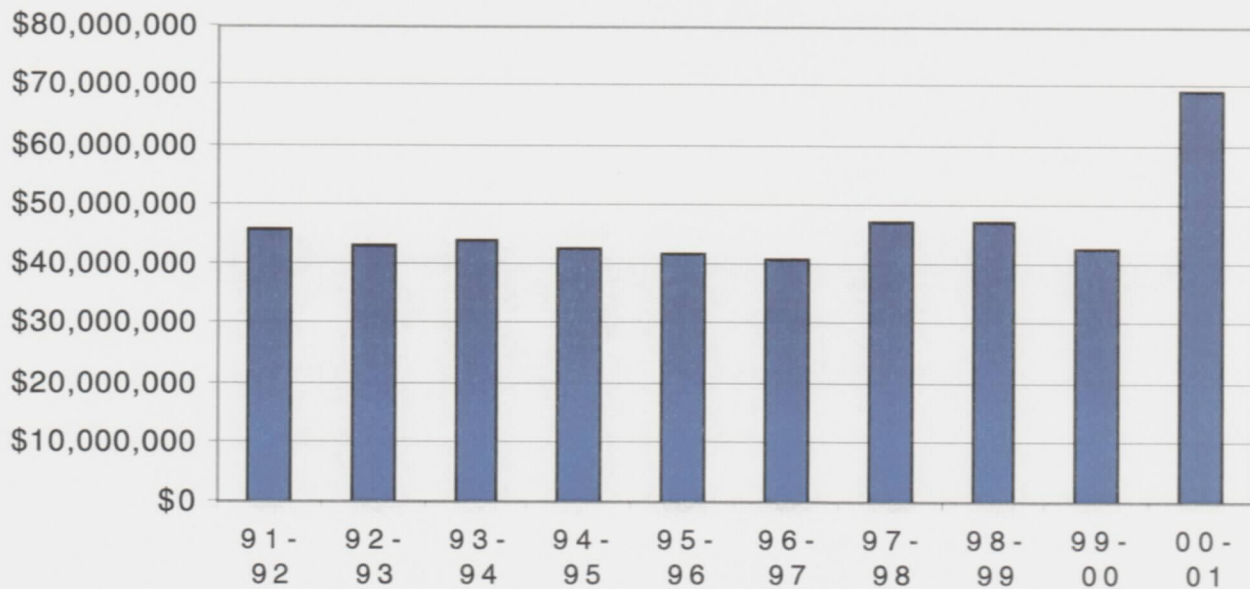
Airport construction and development funding in Arizona is accomplished through a cooperative effort involving federal, state, and local governments.

Federal funds are derived mainly from taxes on airline tickets and aviation fuel. This past fiscal year, the amount of Federal Airport Improvement Program funds allocated for Arizona airports was over \$69.3 million. Federal funds for Arizona, when viewed in dollars allocated, has fluctuated from year to year, but during the past five years, has remained relatively stable (see figure 2, page 7).

State funds come mainly from flight property tax, lieu taxes on aircraft, and aviation fuel taxes. These taxes are paid into the State Aviation Fund. In Arizona, aviation pays for itself, with no money coming from the state's general fund. Over the past decade availability of monies for airport development held close to the \$11M - \$13M mark per year with the exception of FY98, 99 and 2000, where each year was over \$20 million. This year's funding level of \$11.1 million was more typical of the levels found in the earlier 1990's.

At the local level, funds for airport construction and development may come from several sources: general fund contributions, revenue from general obligation bonds, user taxes, revenues from airport leases, and concessions. Currently, the local sponsor must provide a matching share of 4.47 percent on federal/state/local projects and a ten percent share on state/local projects. Even with a matching share of only 4.47 or 10 percent, many smaller communities find it difficult to meet this requirement, given the size and extent of the projects necessary to adequately address the needs of their local airport.

FAA Grant Funds Allocated in Arizona



State Airport Funds Allocated

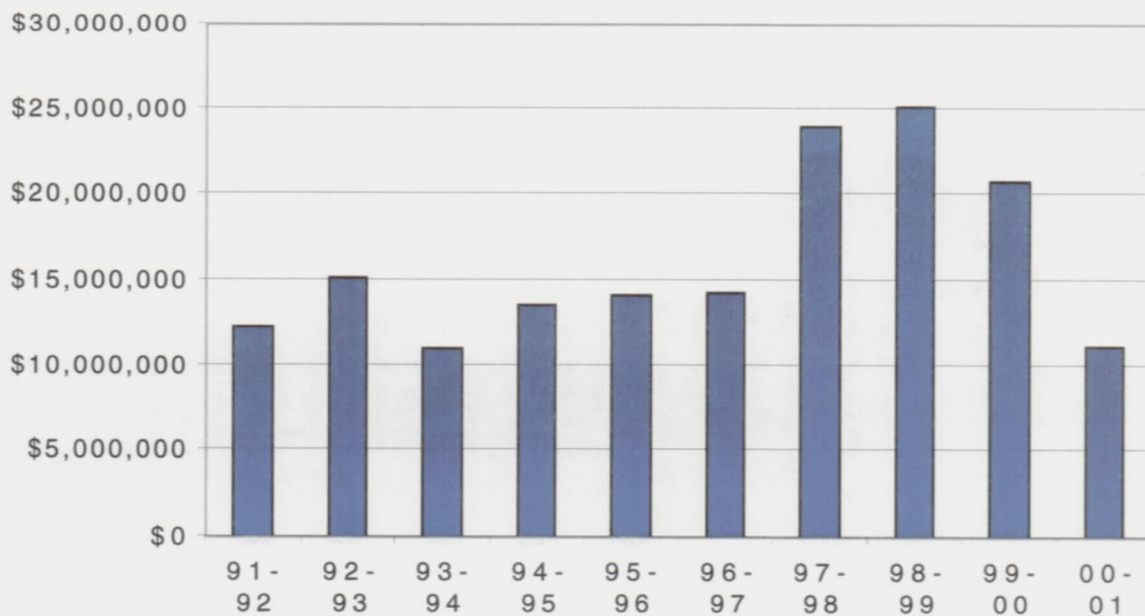


Figure 3

Project Administration

Airport projects funded through the Five Year Airport Development Program are subject to technical review and monitoring from design through the construction and audit processes.

During the design phase, the Airport Development staff assists sponsors in evaluating and interpreting design criteria. Additional assistance is rendered by reviewing engineering agreements, plans, specifications and contract documents for compliance with state funding requirements.

As the project progresses through the construction phase, the staff reviews bid tabulations, performs field reviews of work during construction, reviews field and laboratory procedures/test results, and analyzes and approves change orders.

At the conclusion of the project, a final inspection is performed. As-built plans and certified quantities are required before final payment is made. Random auditing of the projects is performed to ensure compliance with contractual requirements.

Technical Assistance

The Airport Development staff provides technical support to assure quality construction, optimize construction costs, streamline administrative procedures, and assist local officials in the development of their airport facilities in a cost-effective manner. They also provide technical support for special aeronautical studies and for the development of airport plans.

Local airport sponsors may, at any time, receive technical comments and operational guidance concerning improvements or development of their airports.

The airport sponsor's administrative burden is being reduced through policies developed by the Airport Development Section. Whenever possible, reporting forms and other documents already required by the federal government are also used for state purposes, helping reduce the amount of man-hours necessary to comply with reporting requirements.

Completed Airport Development Projects

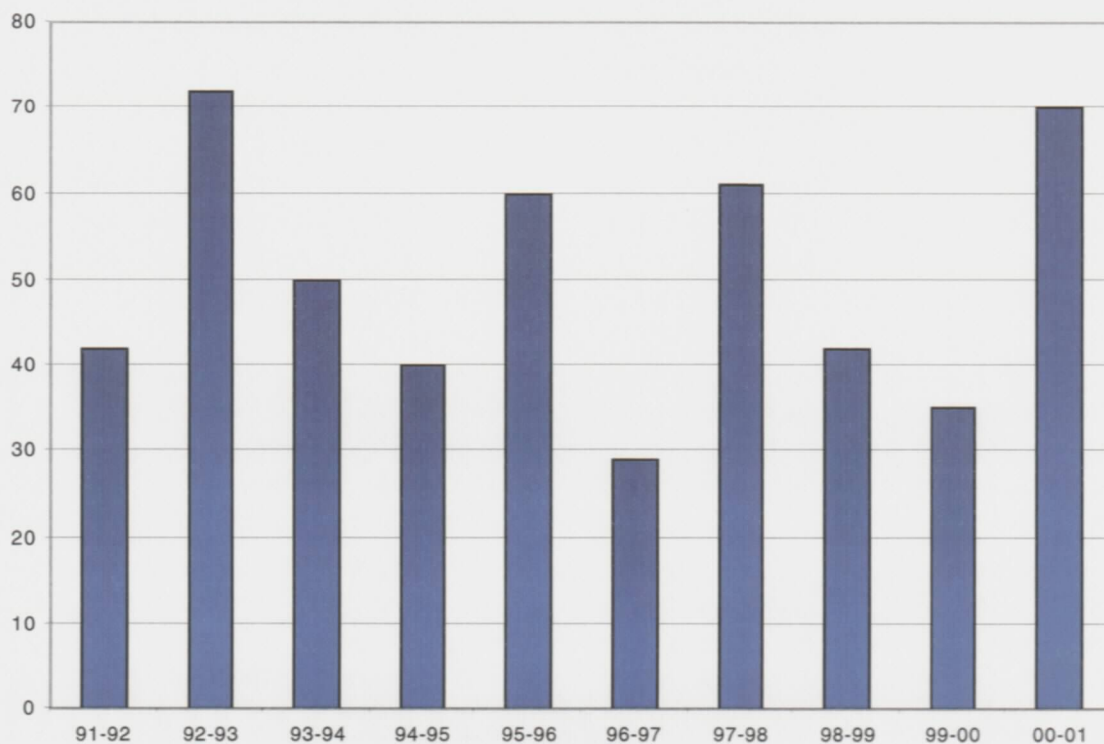


Figure 4

Air Service and Aviation Programming/Planning

The Aviation Planning Section assists in developing strategies and programs to encourage and advance the safe and orderly long-term development of Arizona's aviation system. This requires ongoing monitoring of system deficiencies, strengths and future demands. To accomplish this goal, the Division maintains a Continuous Planning Process (CPP) for the system. Elements of the CPP include: analysis of current aviation activities for airports in the system, forecasts of future demand on the system, and the ability of the system to meet those needs. Another segment of the CPP includes a Pavement Management System (PMS), used to determine the health of airport pavements and prioritize maintenance and replacement activities.

Division staff continues to support and participate in the regional aviation system planning activities of the Maricopa Association of Governments (MAG) and the Pima Association of Governments (PAG). Staff incorporates these regional studies into the state aviation plan, ensuring proper dovetailing of findings.

Statewide Studies

During the past year, the Division worked on the State Aviation Needs Study-2000 project. Several important projects were undertaken to consider the impact of the FAA's major change to the Airport Improvement Program. The Aviation Investment and Reform Act for the 21st Century (AIR-21) made significant changes to the distribution of AIP funds as well as increasing the dollars expended to at least \$3.2 billion annually over the next two years. However, most of the major AIP programs initiated in AIR-21 were predicated on Congress appropriating at least \$3.2 billion in each fiscal year.

In determining the affect of AIR-21 on the State's Aviation Fund program, several impact areas were analyzed and communicated to the State Legislature:



- The potential increase in AIP funds available to airports in Arizona would require the State to continue to set aside approximately \$3.0 million per year. The affect of this impact will be to reduce the State dollars, reducing the funds available for State-funded airport development projects.
- Historically, Congress has failed to appropriate the AIP funds requested in the Congress' budget. AIR-21's major features are predicated on a minimum appropriation of \$3.2 billion. An appropriation of \$3.2 in any fiscal years does guarantee a similar appropriation in the next year. A majority of the AIP funds reach only a small fraction of the State's airports. The AIP generally appropriates 72% of the available funding to commercial service airports while approximately 14% is available to only eight General Aviation (GA) airports. The State invests more than 20% annually in a greater number of airports.
- Under AIR-21, six GA airports received an approximate entitlement of \$150,000. The distribution is restricted to airports included in the federal National Plan of Integrated Airport Systems (NPIAS). Nine of our airports in the Secondary system are ineligible to participate in this program and many of the eligible airports may be unable to produce matching funds in order to receive the entitlement.



- In many ways, AIP funding policies are not compatible with the State policies. AIP funds cannot be used to fund revenue generating projects. Airports may not spend entitlement funds in anticipation of future funding and is limited to those deemed appropriate to the FAA. In addition, the administrative costs of applying for and tracking those AIP funds may be too burdensome to some of the smaller communities.

The State Aviation Needs Study is nearing completion and some of the major elements addressed in this study were influenced by decisions being made by the Governor's Transportation Vision 21 Task Force. Two major impacts on the current study being undertaken by the consultant were the requirement to establish the 20-year Aviation Needs and Revenue for the State and to determine these needs based upon a revised set of Performance Factors.

The Vision 21 Task Force decided that all modes of transportation need to address the same set of performance factors. Although not clear on just what those performance factors are ultimately to be, the consultant recommended additional performance factors to be addressed in this study.

In addition, a thorough and significant attempt was made to build a baseline database and inventory that would provide the basis for the State's aviation comparisons and evaluations in the future.

A number of other studies are planned in the coming year: an update of the Rural Air Service Study; an update of the Land Use Compatibility Study; a pre-qualification plan for aviation consultants interested in performing planning work for the Aeronautics Division.

GRAND CANYON NATIONAL PARK AIRPORT

Airport Specific Studies

The planning staff establishes guidelines and procedures, in conjunction with the FAA, for individual airport planning. Airport specific studies for proposed airport projects include:

- Site Selection Studies
- Airport Master Plans
- Airport Noise Studies
- Environmental Assessment Studies

Projects completed last year include Airport Master Plans for: Eloy, Page and Rolle Field. There is one Site Selection Study underway for Superior Airport as well as two FAA Part 150 Noise Studies (Williams-Gateway and Chandler Municipal) that should be completed next year.

Two Environmental Assessments were completed for Wickenburg Municipal and Bisbee-Douglas Airport and were approved by the Division.



The Aeronautics Division is responsible for the maintenance, operation and improvements of the only active state-owned airport in Arizona, the Grand Canyon National Park Airport.

The Grand Canyon National Park Airport is located in Tusayan, seven miles from the south rim of the Grand Canyon National Park. The present day facility incorporates the site of the first official Grand Canyon airport, a landing field authorized by the U.S. Forest Service for commercial flights in 1925. The Arizona Department of Aeronautics was instrumental in the acquisition and construction of the airport. The Grand Canyon National Park Airport was originally constructed with funds from the Department of Interior, the Federal Aviation Administration and the state of Arizona. The new airport first opened for business in October, 1965. The airport terminal was completed and formally dedicated on October 20, 1967.

Today, the airport is the third most active air carrier airport in the state, following Phoenix Sky Harbor International Airport and Tucson International Airport. The airport is served by over 40 air taxi and commuter carriers.

For fiscal year 2000-2001, Grand Canyon National Park Airport annual aircraft operations totaled \$136,226 with 1,057,224 passengers enplaned and deplaned.

More than \$25,000,000 has been spent on Airport improvement construction projects over the past 3 years and the Federal Aviation Administration will complete construction and commissioning of their new "State of the Art" Air Traffic Control Tower in August 2002 at a cost of \$7,800,000.

The Grand Canyon National Park Airport is the best-kept secret in Arizona.

**GRAND CANYON NATIONAL PARK AIRPORT
REVENUE AND EXPENDITURES
AIRCRAFT OPERATIONS AND PASSENGERS ENPLANED**

	1996-97	1997-98	1998-99	1999-00	2000-01
<u>REVENUE</u>	\$1,490,138	\$1,340,539	\$1,044,477	\$1,431,243	\$1,880,755
Percent Change	6.3%	-11%	-22.1%	37%	31%
	=====	=====	=====	=====	=====
<u>EXPENDITURES</u>					
<u>ADMINISTRATIVE</u>					
Full Time Employees	15	15	15	15	15
Personal Services	\$312,967	\$335,107	\$310,144	\$337,390	\$276,541
Employee Related Expenses	\$93,286	\$97,029	\$60,158	\$85,324	\$87,320
Professional Services	\$0	\$0	\$0	\$14,886	\$2,086
Travel	\$3,385	\$3,415	\$4,546	\$12,293	\$2,324
Other Operating Expenses (OOE)	\$267,700	\$243,475	\$204,077	* \$525,158	\$259,341
Non-Capital Equipment	-	\$1,592	\$591	\$61,011	\$2,434
Capital Equipment	\$0	\$0	\$0	\$0	\$0
TOTAL ADMINISTRATIVE	\$677,338	\$680,618	\$579,516	\$1,036,062	\$630,046
Percent Change	-0.28%	0.48%	-14.9%	78.8%	-39.2%
<u>CAPITAL IMPROVEMENT EXPENDITURES (State \$)</u>	<u>\$781,646</u>	<u>\$3,424,611</u>	<u>\$671,762</u>	<u>\$132,866</u>	<u>\$0</u>
TOTAL EXPENDITURES	\$1,458,984	\$4,105,229	\$1,251,278	\$1,168,928	\$630,046
	=====	=====	=====	=====	=====
<u>NET INCOME (LOSS)</u>	\$31,154	(\$2,764,690)	(\$206,801)	262,315	\$1,250,709
<u>AIRCRAFT OPERATIONS</u>	194,615	190,442	170,193	162,575	**39,749
Percent Change	-6%	-2.2%	-10.6%	-4.5%	-80.6%
<u>PASSENGERS ENPLANED</u>	1,231,050	1,200,892	1,091,285	1,207,817	1,057,224
	-0.9%	-2.5%	-9.13%	10.6%	-14.9%

* FY 00 -- (OOE Expenses include LB&I monies spent, if any)

** Decrease due to larger aircraft operating in the system.

Note: -- Airport was operated by the ADOT-Aeronautics Division from July 1, 1999 - Sept. 30, 1999
Airport was operated by the Grand Canyon Airport Authority from Oct. 1, 1999 - July 18, 2000
Airport operations were returned to the ADOT-Aeronautics Division on July 18, 2000

Source: Aeronautics Division, Arizona Department of Transportation -- Unaudited Financial Records

Table 3

AVIATION SERVICES PROGRAM



The Division Director, the Program Administrators for Airport Development and Aviation Services, and the Grand Canyon Airport Manager make up the Aeronautics Division's management team. The management team plans, establishes, and implements the overall policy direction for the Division. For the purposes of this report, the management team's activities are included here under Aviation Services.

The Division Director has taken an active role in representing the state of Arizona in local, as well as national forums concerning important aviation matters. Over several years, the Division Director has been deeply involved in several aviation issues of national significance: airspace issues at national parks; federal Airport Improvement Program (AIP) funding; and air tour industry safety.

The Division Director is active in the National Association of State Aviation Officials (NASAO). NASAO is made up of, and represents the state government aviation agencies in all 50 states and Puerto Rico and Guam. NASAO was formed in 1930 with a primary mission of encouraging cooperation and mutual aid between the states and federal and local governments and to develop a state and national air transportation system that is responsive to regional, state, and national needs.

The Aeronautics Division management team has focused during the past year on planning and implementing a reorganization for the Division, development of new performance measures for all the Division's services, and development of an automated Airport Construction Five Year Program.

AVIATION SERVICES

Under the direction of the Aviation Services Program Administrator, this program area has the following responsibilities:

- Aviation safety and educational programs
- Aircraft registration process, collect aviation revenue, and license aircraft dealers
- Airport Loan Program
- Grand Canyon National Park Airport Administration
- Fiscal Management
- Contract, Legal and Legislative Issues
- Administrative services and support for the Aeronautics Division

Administration

Administration provides a myriad of functions and services for the Division. The administrative function is responsible for secretarial and clerical support, records management, and personnel services. The Section is continually involved with a wide spectrum of aviation issues.

The Aviation Services Program Administrator is the Division's legislative liaison, directly responsible for review and comments on legal and regulatory matters, as well as the communication of the Division's views to the legislative branch. In addition, the Aviation Services Program Administrator is responsible for the preparation of budgets, the design and use of accounting and fiscal controls, general management policy and

**AERONAUTICS DIVISION
ADMINISTRATION
REVENUE AND EXPENDITURES**

<u>REVENUE</u>	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001
Flight Property Tax	\$17,679,764	* \$7,582,939	\$7,489,832	\$6,709,385	\$6,693,590
Aviation Fuel Tax	\$514,687	\$485,333	\$671,799	\$481,594	\$456,476
Aircraft Lieu Tax	\$1,852,090	\$2,066,492	\$2,373,833	\$3,102,292	\$3,182,080
Aircraft Registration Fees	\$28,215	\$30,360	\$30,810	** \$62,268	\$64,935
Airport Loans - Interest	\$133,835	\$332,768	\$306,307	\$328,813	\$360,330
Airport Loans - Principal	\$320,865	\$404,170	\$430,292	\$367,371	\$525,670
Miscellaneous & Investments	<u>\$2,613,848</u>	<u>\$2,507,355</u>	<u>\$1,874,684</u>	<u>\$1,376,908</u>	<u>\$797,155</u>
TOTAL REVENUE	\$23,143,304	\$13,409,417	\$13,177,557	\$12,428,631	\$12,080,236
Percent Change	0.43%	- 43%	- 1.73%	- 5.7%	- 2.8%
<u>EXPENDITURES</u>					
ADMINISTRATIVE					
Full Time Employees	18	18	18	18	19
Personal Services	\$403,475	\$449,369	\$511,813	\$456,282	\$408,367
Employee Related Expenses	\$90,730	\$89,291	\$147,732	\$85,186	\$75,773
Professional Services	\$12,567	\$682	\$18,894	\$27,119	\$52,845
Travel In-State	\$15,964	\$18,936	\$19,310	\$11,895	\$8,338
Travel Out-of-State	\$15,578	\$14,142	\$12,944	\$14,800	\$11,144
Other Operating Expenses	\$165,874	\$287,209	\$307,355	\$232,221	\$262,982
Non-Capital Equipment	-	\$9,359	\$29,880	\$56,769	\$52,327
Capital Equipment	\$42,792	\$62,038	\$0	\$16,930	\$0
Reimburse Highway Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL ADMINISTRATIVE	\$746,980	\$931,026	\$1,047,928	\$901,202	\$871,776
Percent Change	+2.7%	+24.6%	+12.5%	-14%	-3.3%
AIRPORT LOAN PROG.					
Revenue Generating	\$972,000	\$0	\$1,224,900	\$580,000	\$0
Grant Advance	<u>\$7,333,000</u>	<u>\$1,750,000</u>	<u>\$2,697,806</u>	<u>\$ 31,819</u>	<u>\$0</u>
TOTAL AIRPORT LOANS	\$8,305,000	\$1,750,000	\$3,922,706	\$ 611,819	\$0
AIRPORT DEVELOPMENT EXPENDITURES (State \$)	<u>\$10,934,008</u>	<u>\$16,079,749</u>	<u>\$20,177,760</u>	<u>\$19,926,966</u>	<u>\$16,252,579</u>
TOTAL EXPENDITURES	\$19,985,988	\$18,760,775	\$25,148,394	\$21,439,987	\$17,124,355
<u>NET INCOME (LOSS)</u>	\$3,157,316	(\$5,351,358)	(\$11,970,837)	(\$ 9,011,456)	(\$ 5,044,119)

* Decrease in revenue reflects new legislation which decreased the amount of Flight Property Tax revenue deposited into the Aviation Fund from 100% to 50%. The other 50% is now deposited into the State's General Fund.

* * FY 2000 Revenue -- added penalty fees to Aircraft Registration Fees Line

Source: Aeronautics Division, Arizona Department of Transportation --Unaudited Financial Records

Table 4

the preparation and management of all contracts. The Program Administrator is also responsible for the administration and coordination of: the Arizona Airport of the Year Program and Award; and Arizona's portion of the International Aviation Art Contest. The 2000 Airport of the Year was awarded to Benson Municipal Airport.

Annually, the state legislature reviews and approves an administrative budget from the State Aviation Fund, for the Aeronautics Division. A portion of the budget is designated for Aeronautics Division operations with the remainder earmarked for airport construction and development. The State Transportation Board, through public hearings and a priority rating system, approves individual airport construction projects as published in the Five-Year Airport and Highway Construction Program. (See Airport Development Section for details.)

In fiscal years 1992 through 00, the state's Airport Development Grant Program was supplemented by the Airports Loan Program. The Airport Loan Program, which is coordinated and administered by the Aviation Services Program Administrator, offers loans for revenue generating improvements to airports. Priority has been placed on projects such as: hangars, terminals and fuel farms. During FY 00, loans totaling approximately \$612,000 were provided to Arizona airports.

Aviation Revenue

The Aviation Revenue Section is responsible for:

- The collection of general aviation aircraft registration fees and lieu tax
- The monitoring, forecasting and assisting in the collection of other revenues for the State Aviation Fund
- The licensing of aircraft dealers

The Aviation Revenue Section is also responsible for the collection, monitoring, and assisting in forecasting State Aviation Fund revenues. The State Aviation Fund receives revenue from a variety of sources including:

- Flight property taxes levied on scheduled airline aircraft
- Aviation fuel taxes
- Aircraft lieu tax and registration fees on non-airline aircraft
- Revenues from the operation of the Grand Canyon National Park Airport
- Interest from the Airports Loan Program
- Interest income on aviation funds on deposit

State Aviation Fund revenues collected are deposited in the State Aviation Fund and can only be used for the construction, development, and improvement of publicly-owned airports throughout the state.

The Aviation Revenue Section works closely with various law enforcement agencies. The Division's records are useful in determining true ownership as well as historical background of an aircraft. Some of the agencies which use aircraft registration information include the Federal Bureau of Investigation (FBI), Drug Enforcement Administration (DEA), Department of Public Safety (DPS), Internal Revenue Service (IRS),

CALENDAR YEAR 2000

AIRCRAFT REGISTERED: 6,196

LANDPLANE	4,390
HM BLT/EXPERIMENTAL	601
ROTORCRAFT	169
BALLOON	162
GLIDER	126
AGRICULTURAL	38
MILITARY SURPLUS	46
ANTIQUE	62
CLASSIC/WARBIRD	600

Table 5

National Narcotics Border Interdiction System (NNBIS), sheriff's offices and city police departments. The on-line records system has been very beneficial to law enforcement agencies. The Aviation Revenue section also works with other federal, state and local governments such as the Federal Aviation Administration (FAA), Department of Revenue, Emergency Medical Services, Arizona Corporation Commission,

Industrial Commission of Arizona and the Department of Economic Security.

Aircraft registration information is available to consultants, engineering firms and various planning groups for airports planning as well as for forecasting purposes. Registration information is also made available to airports to assist in identifying aircraft and owners.

STATE AVIATION FUND - REVENUE SOURCES

Fiscal Year 2000-2001

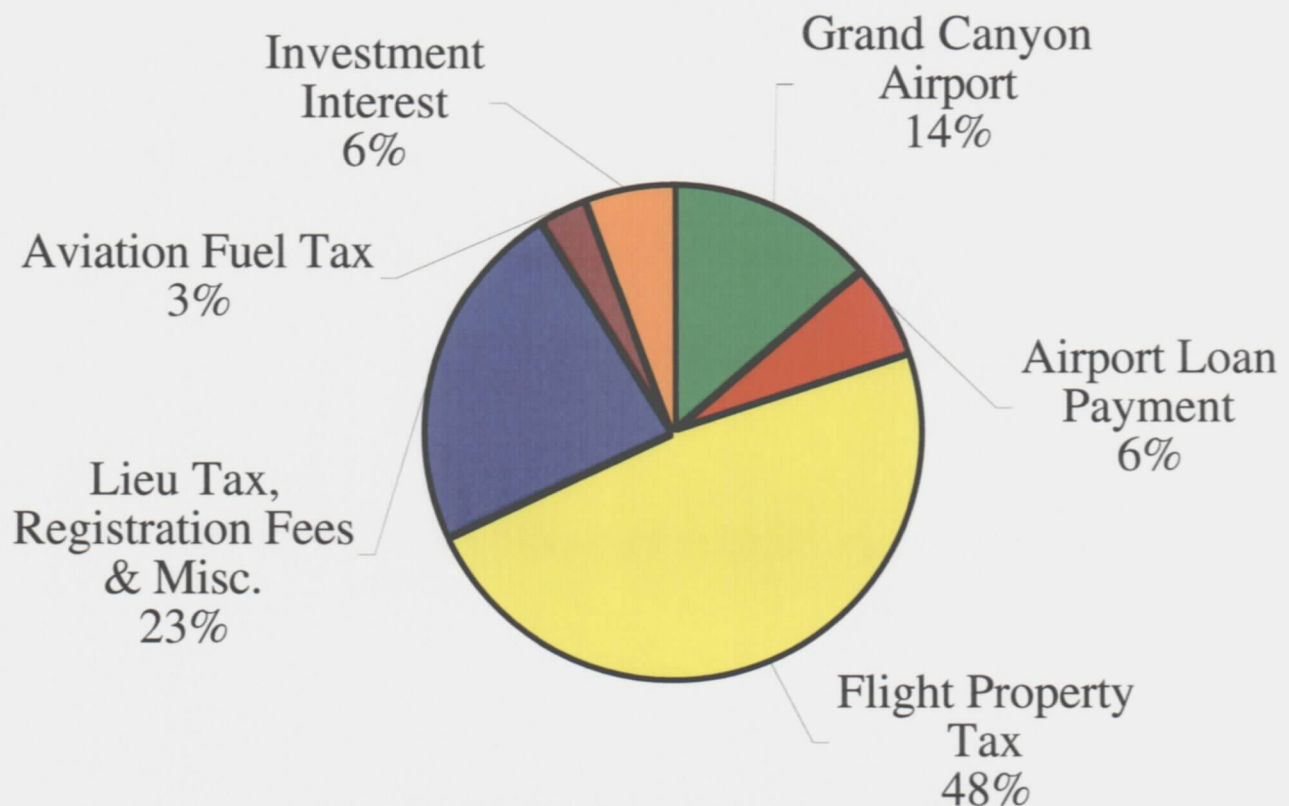


Figure 5

Fiscal Year Lieu Tax and Registration Fees

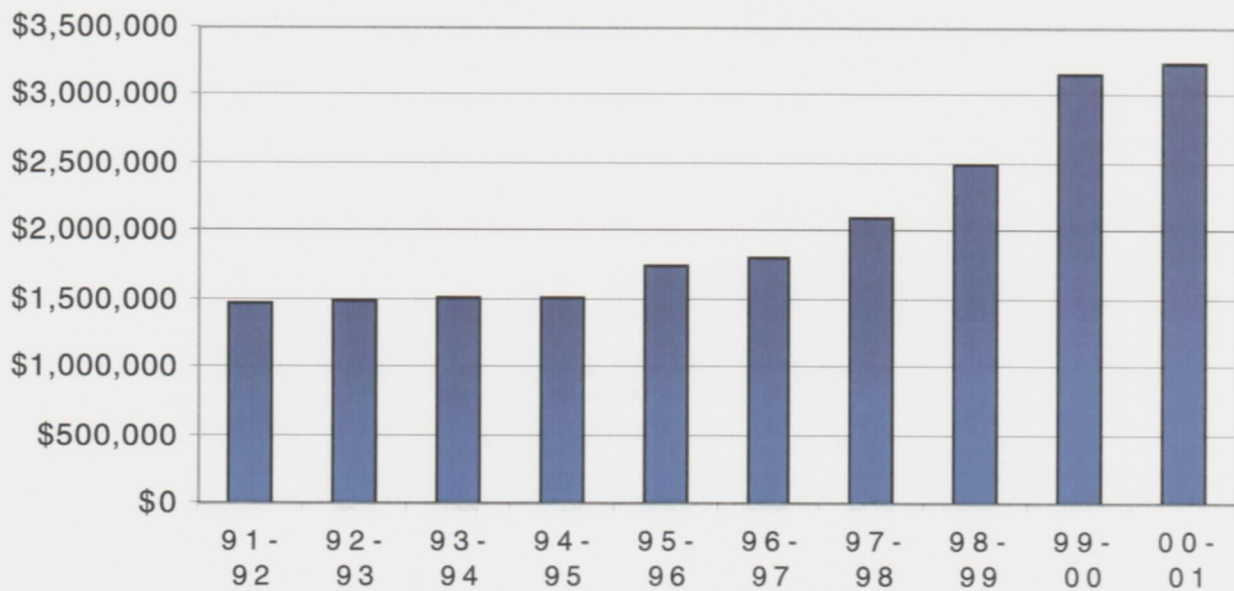


Figure 6

Calendar Year - Number of Aircraft Registered in Arizona

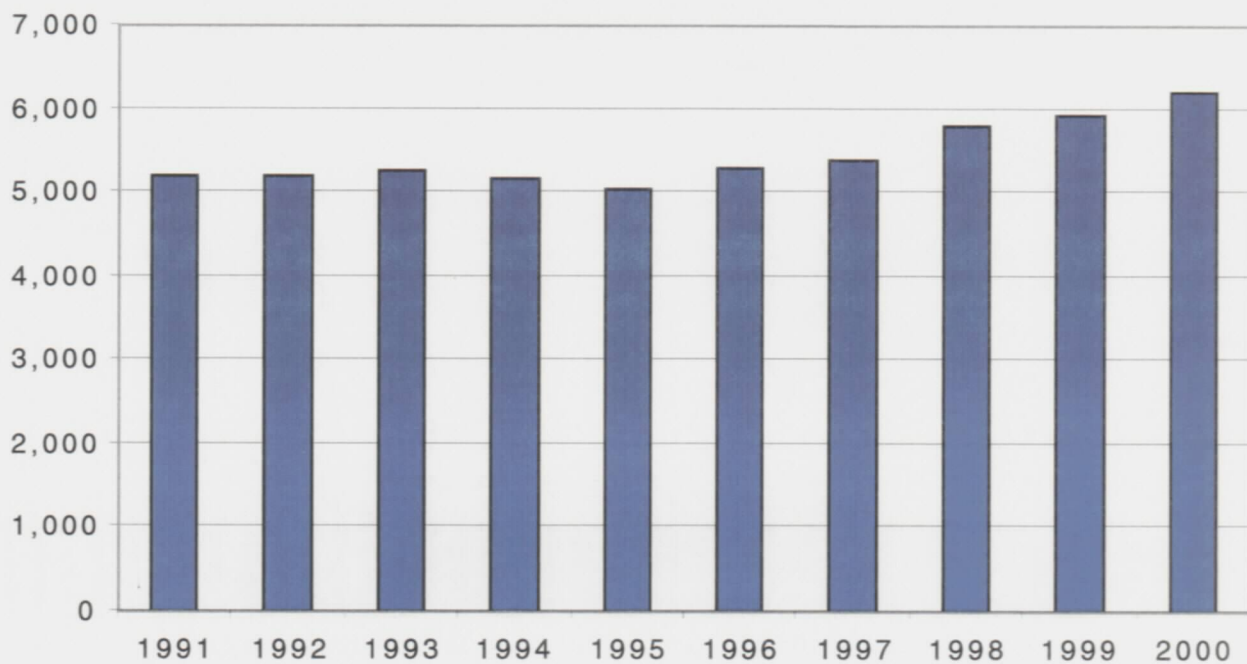


Figure 7

AIRCRAFT REGISTRATION DATA

<u>FISCAL YEARS</u>	<u>AIRCRAFT (1) REGISTERED</u>	<u>AIRCRAFT LIEU TAX</u>	<u>AIRCRAFT REG. FEE</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL REV. TAX & REG.</u>
70-71	2,499	\$160,731	\$12,248			\$172,979
71-72	2,945	\$210,202	\$15,238			\$225,440
72-73	3,283	\$239,821	\$16,308			\$256,129
73-74	3,463	\$424,776	\$18,641			\$443,417
74-75	3,487	\$468,546	\$19,590			\$448,136
75-76	4,073	\$511,330	\$19,585			\$530,915
76-77	4,372	\$699,569	\$22,213	\$15,510	\$2,864	\$740,156
77-78	5,131	\$941,568	\$23,129	\$9,295	\$1,668	\$980,791
78-79	5,289	\$1,264,776	\$24,972	\$10,800	\$1,409	\$1,301,957
79-80	5,403	\$1,608,107	\$26,156	\$19,372	\$5,123	\$1,658,757
80-81	5,846	\$1,851,033	\$27,460	\$18,662	\$8,374	\$1,905,649
81-82	6,009	\$1,904,154	\$27,276	\$19,764	\$9,210	\$1,960,405
82-83	6,062	\$1,949,822	\$28,210	\$25,807	\$15,267	\$2,019,106
83-84	6,000	\$2,194,838	\$29,138	\$24,268	\$16,311	\$2,264,555
84-85	6,159	\$2,521,643	\$29,200	\$21,900	\$16,892	\$2,589,635
85-86	6,162	\$2,567,490	\$30,116	\$21,940	\$10,285	\$2,597,606
86-87(2)	6,150	\$1,297,328	\$28,650	\$19,265	\$10,144	\$1,355,387
87-88	6,133	\$1,162,980	\$27,500	\$20,894	\$10,662	\$1,222,036
88-89	5,969	\$1,121,900	\$26,100	\$13,500	\$9,700	\$1,171,200
89-90(3)	5,754	\$1,288,750	\$24,750	\$18,060	\$8,451	\$1,340,012
90-91	5,670	\$1,374,723	\$27,280	\$14,175	\$5,959	\$1,422,137
91-92(4)	5,291	\$1,404,933	\$26,285	\$15,740	\$773	\$1,447,731
92-93	5,258	\$1,429,867	\$25,275	\$19,655	\$190	\$1,474,989
93-94	5,341	\$1,473,081	\$26,420	\$23,345	\$60	\$1,522,906
94-95	5,212	\$1,517,470	\$24,665	\$18,835	\$155	\$1,561,125
95-96	5,104	\$1,793,314	\$25,395	\$22,560	\$46	\$1,841,315
96-97	5,347	\$1,852,090	\$28,215	\$32,930		\$1,913,235
97-98	5,538	\$2,066,492	\$30,360	\$33,175		\$2,130,027
98-99	5,798	\$2,373,833	\$30,810	\$24,551		\$2,429,194
99-00	5,926	\$3,094,727	\$31,187	\$31,082		\$3,156,996
00-01	6,202	\$3,173,426	\$31,100	\$34,298		\$3,238,824

(1) Calendar Year Data

(2) Decrease in revenue reflects tax reform legislation cutting tax rate in half.

(3) As a result of new legislation requiring stored aircraft to pay a fee, the total number of registered aircraft has decreased due to owners having aircraft deregistered with the FAA, voiding the requirement to register with the State.

(4) As a result of new legislation the penalty fee was revised and interest was eliminated.

Source: Aeronautics Division, Arizona Department of Transportation
Unaudited Financial Records

Table 6

HISTORICAL AVIATION FUEL TAX DATA

<u>FISCAL YEAR</u>	<u>GALLONS OF FUEL</u>	<u>1¢/GAL AVIATION FUEL TAX</u>	<u>5¢/GAL AVIATION FUEL TAX</u>	<u>UNCLAIMED/ UNREFUNDED AV FUEL TAX</u>	<u>TOTAL FUEL TAX REVENUE</u>
70-71	5,818,298	\$59,367		\$110,462	\$169,829
71-72	6,144,510	\$60,307		\$107,932	\$168,239
72-73	5,885,395	\$59,395		\$126,475	\$186,870
73-74	6,444,930	\$64,207		\$130,815	\$195,022
74-75	6,871,623	\$69,781		\$143,084	\$212,865
75-76	7,075,481	\$68,343		\$174,982	\$243,325
76-77	9,577,534	\$72,506		\$186,152	\$258,658
77-78	9,541,147	\$69,926		\$213,890	\$283,816
78-79	8,159,000	\$85,159		\$254,113	\$339,272
79-80	9,054,499	\$90,545		\$252,089	\$342,634
80-81	12,453,322	\$124,533		\$317,742	\$442,275
81-82	11,228,545	\$112,285		\$268,315	\$380,600
82-83	8,482,597	\$84,826		\$229,812	\$314,638
83-84	8,227,983	\$82,279		\$284,747	\$367,026
84-85	7,637,721	\$76,377		\$305,734	\$382,111
85-86	6,471,370	\$64,714		\$336,316	\$401,030
86-87(1)	8,202,591	\$11,900	\$350,629	\$81,779	\$444,308
87-88(2)	8,929,382		\$306,774		\$306,774
88-89	10,276,177		\$502,765		\$502,765
89-90	10,610,226		\$530,511		\$530,511
90-91	11,033,960		\$551,698		\$551,698
91-92	10,061,760		\$503,088		\$503,088
92-93(3)	7,934,660		\$396,733		\$396,733
93-94	13,815,040		\$690,752		\$690,752
94-95	8,859,600		\$442,980		\$442,980
95-96	10,246,566		\$512,328		\$512,328
96-97	10,293,740		\$514,687		\$514,687
97-98	9,706,660		\$485,333		\$485,333
98-99	13,435,980		\$671,799		\$671,799
99-00	9,631,880		\$481,594		\$481,594
00-01	9,129,520		\$456,476		\$456,476

(1) As of August 13, 1986 - AvGas Tax was increased from 0.01¢ per gallon to 0.05¢ per gallon.

(2) As of August 18, 1987 - AvGas Refunds were eliminated except for aerial applicators.

(3) An additional \$151,541 was collected in fiscal year 1992-93, however, it was credited to the fiscal year 1993-94 numbers.

Table 7

Aviation Safety and Education

The Division's Aviation Safety and Education Section is responsible for:

- The dissemination of aviation information
- Aviation safety programs
- Aviation/aerospace education programs
- The monitoring of aviation rulemaking and regulations
- The analysis of proposed airspace changes

Aviation Information

The Aviation Safety and Education staff monitors regulatory proceedings and reviews federal proposed rulemaking notices, press releases, magazines, newsletters and journals to stay in touch with aviation safety, regulatory, and industry developments that affect Arizona. Many of these source materials are organized and retained in an aviation reference library. Regulatory and navigation data are kept current and available.

The section receives a large number of calls, letters, and other contacts from the general public, governmental entities and aviation interests each

year requesting various types of aviation-related information. Information is provided on the spot, research is initiated, and referrals are made to other sources having additional specific knowledge or expertise.

Aviation Safety

Aviation safety efforts during 1999-00 centered primarily on assisting with the FAA 5010 Airport Safety Inspection Program; and research and analysis of proposed airspace changes.

Additional Activities

The Aeronautics Division, through the Aviation Safety and Education Section maintains close contact with members of aviation organizations, as well as with the general public. The Aviation Safety and Education Section also has the role of acting as an information resource for the other sections of the Division.

Aviation/Aerospace Education

During FY 1999-00, the Aviation Safety and Education Section supported the annual International Aviation Art Contest sponsored by the National Aeronautic Association, NASAO, and the FAA. Approximately 1,511 Arizona school children participated in the contest. 2000's theme for the contest was "Flight Into the Future".



Publications

The Annual Progress Report is a report of the activities of the Aeronautics Division over the preceding fiscal year. It is updated annually.

Helicopter Facts is a pamphlet providing basic information about helicopters and how they fly. The pamphlet was designed as an educational tool for use during helicopter displays, and is provided on request.

Bald Eagle Nesting Sites brochure designed to provide pilots with the most specific and current information available on sensitive bald eagle nest areas in Arizona. This brochure was produced in cooperation between the Arizona Department of Transportation and the Arizona Department of Game and Fish. The brochure was updated this past year.

Arizona Aviation Facts is a one-page reference card on general aviation in Arizona. The fact sheet contains information on the number of pilots, aircraft, airports, and nav aids. Arizona Aviation Facts is updated annually.

Desert Survival Guide is a pamphlet outlining various desert survival principles, including specific techniques in survival situations. This pamphlet was revised and updated this past fiscal year.

Other Available Publications

NASAO State Aviation Data Bank (National Association of State Aviation Officials) is a report containing information on the U.S. State Aviation Departments/Divisions outlining their staff, organization, programs, publications, number of airports, and funding information including various revenue sources and grant programs.

Water Landing Directory is a directory of water landing areas throughout the United States with information on location, communications and facilities.

Arizona Transportation Fact Book is a pamphlet containing information on Arizona's transportation infrastructure including demographics, the highway system, motor vehicles, and statistics, finance, expressways and freeways, public transit, rail, and aviation.

